



## Senate Bill 1446 Qualified Domestic Relation Orders

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| <b>Sponsor:</b>    | Ronen, Carol   |
| <b>Summary:</b>    | The legislation rewrites the Qualified Illinois Domestic Relations Order (QILDRO) law contained in Article 1 of the Illinois Pension Code.   |
| <b>Background:</b> | QILDROs are court orders that divide the public pension benefits of individuals that are getting a divorce. In 1999 the pension code was amended to allow an alternate payee designated in a QILDRO to receive all or a specified portion of a member's retirement benefits or refund. |
| <b>Analysis:</b>   | The legislation changes several areas of the QILDRO law. In addition to these changes the legislation adds a new court order (calculation order) and extends the scope of the law to death benefits.   |

### Death Benefits

Currently a former spouse is not entitled to a member's death benefit unless they are designated as beneficiaries. The legislation allows former spouses that are designated in a QILDRO to receive all or a portion of a lump sum death benefit.

### QILDRO Amount

Currently a QILDRO must specify a dollar amount that is to be paid to a former spouse. The legislation allows for a percentage of benefit payments to be provided by a QILDRO calculation order. The marital portion benefit calculation is specified in the legislation. A retirement system must implement a QILDRO calculation order, however if the order is found to be incorrect the system cannot be held responsible.

### Member Information

Currently a retirement system must release a statement of the member's accumulated contributions, accrued benefits, and other interests in the plan. The legislation requires a retirement system to release more detailed information that can be used in the calculation of the alternate payee's share of a member's benefit. This information may include but it is not limited to the amount of service credit, the amount of non-reduced annuity that is either earned or payable, the amount of a refund that is available, and the amount of death benefits that are available.

### QILDRO Administration

Currently retirement systems are allowed to modify a QILDRO form in order to meet the specific needs of the retirement systems. The legislation does not allow the form to be modified in any way that would limit the former spouse's choices as to the type of payment that can commence.

#### Other Changes

The legislation provides that a former spouse's share of benefits must be calculated to include a proportionate share of any cost-of-living increases to which the member's benefits are entitled.

The legislation provides more detail as to the Illinois court's jurisdiction over QILDROs.

#### **Comments:**

The legislation will require significant modification to the TRS computer system that administers QILDROS. TRS does not have an estimate on the approximate cost of the modifications that would be needed to implement this legislation.